

City of Frontenac, Kansas

Independent Auditor's Report

With accompanying Notes to the Financial Statement and
Supplementary Information

As of and for the Year Then Ended

December 31, 2019

CITY OF FRONTENAC, KANSAS

DECEMBER 31, 2019

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Jerry D. Mitchell, CPA, LLC
1080 N. Pebble Creek Road
Nixa, Missouri 65714

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Frontenac, KS

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balance of the City of Frontenac, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statement.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the City's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Frontenac, Kansas to meet the requirements of the State of Kansas based on the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Frontenac, Kansas as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

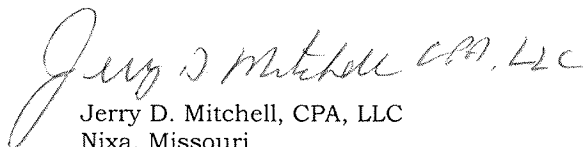
In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Frontenac, Kansas, as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures –actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget, (schedules 1 and 2), as listed in the table of contents, are presented for analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2018 basic financial statement and accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/cheif-financial-officer/municipal-services>.



Jerry D. Mitchell, CPA, LLC
Nixa, Missouri
September 4, 2020

City of Frontenac, Kansas

Summary Statement of Cash Receipts, Expenditures and Unencumbered Cash Regulatory Basis For the Year Ended December 31, 2019

	12.31.2018				Outstanding	12.31.2019
Funds	Beginning Cash and Investment Balance, Restated	Cash Receipts (including transfers in)	Expenditures (including transfers out)	Unumbered Ending Cash and Investment Balance	s and Accounts Payable	Ending Cash and Investment Balance
General Fund	\$ 1,401,453	\$ 2,969,988	\$ 2,378,709	\$ 1,992,732	\$ -	\$ 1,992,732
Special Purpose Funds						
Special Highway	105,798	105,763	83,149	\$ 128,412	-	128,412
Special Parks & Recreation	7,416	10,726	-	\$ 18,142	-	18,142
Special Equipment Reserve	221,690	30,351	39,811	212,230	-	212,230
Capital Improvements Fund	22,258	131,131	92,296	61,093		61,093
Debt Service Funds						
Bond & Interest	7,116	315,197	321,217	\$ 1,096	-	1,096
Temporary Note-Sewer	-					-
Business (Enterprise) Funds						
Water	873,408	673,504	524,440	\$ 1,022,472	-	1,022,472
Sewer	516,244	522,549	424,324	\$ 614,469	-	614,469
Total	\$ 3,155,383	\$ 4,759,209	\$ 3,863,946	\$ 4,050,646	\$ -	\$ 4,050,646
Composition of Cash and Investments:						
Checking Account						\$ 4,075,541
Certificate of Deposits						\$ 4,363
Total Cash and Investments						\$ 4,079,904
Less Agency Fund (Meter Deposits)						\$ (29,258)
						\$ 4,050,646

The notes to the financial statement are an integral part of this statement.

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity: The City of Frontenac is a municipal corporation governed by an elected eight-member council. The City has considered whether any other organizations should be included in the reporting entity based upon the significance of their operation or financial relationships with the City, and has determined no other outside organizations should be included as a component unit in the City's financial statements.
- B. Regulatory Basis Fund Types
The accounts of the City are organized on the basis of funds, each of which is considered to be a separate reporting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The types of funds maintained by the City are as follows:
General Fund: the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.
Special Purpose Fund: Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources other than capital project and tax levies for long term debt.
Bond and Interest Fund: used to account for the accumulation of resources, including tax levies, transfers and other funds and payment of general long term debt.
Capital Project Fund: used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.
Business Fund: funds financed in whole or in part by fees charged to users of the goods or services, (i.e, enterprise and internal service fund, etc).
Agency Fund: funds used to report assets held by the City in purely a custodial capacity for water deposits held.
- C. Basis of Accounting: The regulatory basis of accounting, as used in the preparation of this regulatory basis financial statement, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an inter-fund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution/ordinance that is in compliance with K.S.A. 75-1120a (c), waiving the requirement for application of generally accepted

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accounting principles and allowing the municipality to use the regulatory basis of accounting.

- D. Departures from Generally Accepted Accounting Principles: The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense; liabilities such as deferred revenue and matured principal and interest payable; and reservations of fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures, as reported, do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Fixed assets that account for land, buildings, and equipment owned by the municipality are not presented in the financial statement. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statement.
- E. Investments: Investments are recorded at cost. Investment gains and losses are recognized upon disposition of the security or the occurrence of a permanent decline in market value.
- F. Pooled Cash: The City maintains various bank accounts and certificates of deposit for its pooled cash. Each fund's equity in these accounts is presented as "cash and investments" in the statements. Interest income is recorded in the General and Utility Funds.

NOTE 2: DEPOSITS AND INVESTMENTS

Collateral is required for demand deposits and certificates of deposit. The market value of the collateral must equal 100% of the deposits in excess of deposit insurance. Obligations that may be pledged as collateral are of the same type as authorized for investment by the City. Obligations pledged to secure deposits are delivered to the safekeeping division of the custodial bank.

At December 31, 2019, the City had deposits, of \$4,154,100, 100% of which was covered by federal depository insurance and/or collateralized by U.S. Government or agency securities subject to joint custody safekeeping receipts issued by the custodial financial institution, which was not the pledging institution, as required by Kansas statutes.

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The City had no investments at December 31, 2019.

State law (KSA 12-1675 to 12-1678) allows monies not otherwise regulated by statute to be invested in:

1. Temporary notes or no fund warrants of the City of Frontenac.
2. Time deposits, open accounts or certificates of deposit with maturities of not more than two years in commercial banks which have offices located in the City of Frontenac.
3. Time certificates of deposit with maturities of not more than two years in state or federally chartered savings and loan associations or federally chartered savings banks which have offices located in the City of Frontenac.
4. Repurchase agreements (for direct obligations of or obligations insured as to principal and interest by the U.S. Government or U.S. Government agencies) with commercial banks, state or federally insured chartered savings and loan associations or federally chartered savings banks which have offices located in the City of Frontenac.
5. U.S. Treasury bills or notes with maturities not exceeding two years, purchased from any state or national bank, state or federally chartered savings and loan association or federally chartered savings bank with offices within the State of Kansas or the Federal Reserve Bank of Kansas City, Missouri.
6. The municipal investment pool fund established in K.S.A. 12-1677a.
7. Investments authorized in accordance with the conditions prescribed in K.S.A. 12-1677b.
8. Multiple municipal client investment pools managed by the trust departments of commercial banks which have offices in Crawford County.
9. Concentration of credit risk. State statutes place no limit on the amount the government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.
10. Custodial credit risk.-deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas., the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2019.

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Cash and investments, Per Bank, at December 31, 2019, were:

Deposits:	
Checking accounts	\$4,149,737
Certificates of deposit	<u>\$4,363</u>
Total	<u>\$4,154,100</u>

Total cash and investments, after deducting outstanding checks and deposits in transit was \$4,079,904 at December 31, 2019.

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

NOTE 3: BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempt by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 3: BUDGETARY INFORMATION (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, temporary note fund or equipment reserve fund, under statutory authority for exemption, K.S.A. 12-1, 117.

NOTE 4: LONG-TERM DEBT

At December 31, 2019, the City had various general obligation bond issuances outstanding.

Following is a detailed listing of the municipality's long-term debt including capital leases:

Debt Issue	Date Issued	Original Amount	Interest Rate
G.O. Bonds Series 2013	05/01/2013	\$1,365,000	2.00%-2.10%
G.O. Bonds Series 2010	09/15/2010	\$250,000	2.5%-4.75%
G.O. Bonds Series 2005	05/01/2005	\$1,812,000	3.4%-6.25%
G.O. Bonds Series 2008	04/01/2008	\$1,885,000	2.85%-4.85%
KS Water Pollution Control	01/13/2017	\$173,155	2.18%

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 4: LONG-TERM DEBT (Continued)

Capital Leases	Date Issued	Original Amount	Interest Rate
2012 Backhoe	09/25/2012	\$87,604	3.30%
2012 Silverado	04/05/2012	\$30,281	3.25%
2013 Excavator	09/20/2013	\$24,471	4.30%
2015 Silverado	04/14/2014	\$36,000	3.5%
2017 Silverado	11/15/2017	\$30,552	2.99%
2017 Silverado	02/10/2017	\$37,007	2.50%
2017 Sweeper	10/13/2017	\$178,000	2.37%

The following is a summary of changes in the long-term debt for the year ended December 31, 2019:

	Principal Outstanding 12/31/2018	Additions to Principal & Drawdowns	Reduction In Principal	Principal Outstanding 12/31/2019
Gen. Obligation Bonds				
Series 2013	\$665,000	\$0	\$100,000	\$565,000
Series 2010	\$60,000	\$0	\$29,000	\$31,000
Series 2005	\$230,000	\$0	\$35,000	\$195,00
Series 2008	\$1,170,000	\$0	\$95,000	\$1,075,000
KS Water Pollution Control	\$996,456	\$172,859	\$57,188	\$1,112,127
Total G.O. Bonds & Revolving Loans	\$3,121,456	\$172,859	\$316,188	\$2,978,127

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 4: LONG-TERM DEBT (Continued)

	Beginning Principal Outstanding	Additions to Principal	Reductions Of Principal	Ending Principal Outstanding
Capital Leases:				
2012 Backhoe	\$9,410	\$0	\$9,410	\$0
2017 Silverado	\$9,335	\$0	\$9,335	\$0
2017 Silverado	\$14,720	\$0	\$12,590	\$2,130
2017 Sweeper	\$154,476	\$0	\$24,263	\$130,213
Total Capital Leases	\$187,941	\$0	\$55,598	\$132,343
Total Debt	\$3,309,397	\$172,859	\$371,786	\$3,110,470

Kansas Department of Health and Environment Revolving Loans

During the year ended December 31, 2019, the City received additional proceeds in the amount of \$172,859 through the Kansas Water Pollution Control Program for sewer improvements.

Because these revolving loans do not have established future principal and interest payments due to unknown future draw downs, those loans are not included in the summary schedule of future principal and interest.

Please see pages 14-17 for the summary schedule of future principal and interest payments for all of the City's long-term debt obligations as of December 31, 2019.

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 5: DEFINED BENEFIT PENSION PLAN

Plan Description: The City of Frontenac, KS participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit plan as provided by K.S.A. 74-4901 et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at sss.kpers.org or by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions: K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through March 31, 2017 with a 0% moratorium until June 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 9.18% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City of Frontenac, KS were \$102,766 for the year ended December 31, 2019.

NOTE 6: NET PENSION LIABILITY

At December 31, 2019, the City of Frontenac, Kansas's proportionate share of the collective net pension liability reported by KPERS was \$829,382. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2019. The City of Frontenac, Kansas's proportion of the net pension liability was based on the ratio of the City of Frontenac, Kansas' contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 6: NET PENSION LIABILITY (continued)

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

NOTE 7: COMPENSATED ABSENCES

The City's policy is to pay employees for vacation leave for up to 12 days per year for the first 10 years of service, 18 days per year for service 11 to 15 years, 21 days for service between 16 and 20 years and a maximum of 24 days per year for those with 20 years and more of service to the City. Employees are paid for any unused vacation leave upon termination. Employees also have the right to be paid for up to 40 hours of unused vacation leave each year if requested by December 1 of each year.

The City's employees also earn eight hours of sick leave for each full month of service. There is no limit to the amount of sick leave hours which may be accumulated. An employee shall not be paid for any unused sick leave upon termination of employment.

NOTE 8: CONCENTRATIONS OF CREDIT RISK

Credit is extended to utility customers on a partially-secured basis with a cash deposit required at the inception of service.

NOTE 9: RISK MANAGEMENT

The City is exposed to various risks of loss from torts; theft of, damage to; and destruction of assets; business interruption; errors and omissions; employee injuries and illness; natural disasters; and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE 10: INTERFUND TRANSFERS

In compliance with K.S.A. 12-101(a) and K.S.A. 12-825(d), the following operating transfers were as follows for the year ended December 31, 2019:

From	To	Amount
General Fund	Capital Imp Reserve Fund	\$37,034
General Fund	Equipment Reserve Fund	\$30,351
Water Fund	Bond and Interest	\$60,000

City of Frontenac, Kansas

NOTES TO FINANCIAL STATEMENT – REGULATORY BASIS

December 31, 2019

NOTE 11: EVALUATION OF SUBSEQUENT EVENTS

The organization has evaluated subsequent events through September 4, 2020, the date which the financial statements were available to be issued.

NOTE 12: CAPITAL PROJECTS

At December 31, 2019, capital projects authorizations, with approved change orders, compared with expenditures from inception are as follows:

<u>Project Name</u>	<u>Expenditures to Date</u>	<u>Project Authorization</u>	<u>Completion Date</u>
US 69McKay Project	\$733	\$38,466	In progress

NOTE 13: OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the municipality makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

City of Frontenac, KS
NOTES TO FINANCIAL STATEMENT - REGULATORY BASIS
December 31, 2019

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Current Maturities of LTD & Interest
for the Next Five Years and through Maturity

	2020	2021	2022	2023	2024
PRINCIPAL:					
General Obligation (0.0.) Bonds					
G.O. Bonds Series 2013	\$ 100,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 120,000
<i>Water & Street Improvements</i>					
G.O. Bonds Series 2010	\$ 31,000	\$0	\$0	\$0	\$0
<i>Street Improvements</i>					
G.O. Bonds Series 2008	\$ 100,000	\$ 105,000	\$ 110,000	\$ 115,000	\$ 115,000
<i>Public Building Improvements</i>					
G.O. Bonds Series 2005-B	\$ 35,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 45,000
<i>FSCC Building & Land</i>					
TOTAL BONDS	\$ 266,000	\$ 255,000	\$ 265,000	\$ 270,000	\$ 280,000
2017 Street Sweeper	\$ 24,837	\$ 25,425	\$ 26,028	\$ 26,645	\$ 27,278
2017 Chevy Silverado (Police)	\$ 2,130	\$0	\$0	\$0	\$0
TOTAL CAPITAL LEASES	\$ 26,967	\$ 25,425	\$ 26,028	\$ 26,645	\$ 27,278
GRAND TOTAL PRINCIPAL	\$ 292,967	\$ 280,425	\$ 291,028	\$ 296,645	\$ 307,278

City of Frontenac, KS
NOTES TO FINANCIAL STATEMENT - REGULATORY BASIS
December 31, 2019

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Current Maturities of LTD & Interest
for the Next Five Years Mr, thru Maturity

	2020	2021	2022	2023	2024
INTEREST:					
General Obligation (G.O) Bonds					
G.O. Bonds Series 2013 <i>Water & Street Improvements</i>	\$ 11,420	\$ 9,420	\$ 7,120	\$ 4,820	\$2,520
G.O. Bonds Series 2010 <i>Street Improvements</i>	\$ 868	\$0	\$0	\$0	\$0
G.O. Bonds Series 2008 <i>Public Building Improvements</i>	\$ 49,460	\$ 45,460	\$ 41,260	\$ 36,860	\$32,460
G.O. Bonds Series 2005-B <i>FSCC Building & Land</i>	\$ 12,100	\$ 10,000	\$ 7,813	\$ 5,313	\$2,813
TOTAL BONDS	\$ 73,848	\$ 64,880	\$ 56,193	\$ 46,993	\$37,793

Capital Leases

	\$0	\$0	\$0	\$0	\$0
2017 Street Sweeper	\$ 3,086	\$ 2,497	\$ 1,895	\$ 1,278	\$646
2017 Chevy Silverado (Police)	\$ 7	\$0	\$0	\$0	\$0
TOTAL CAPITAL LEASES	\$ 3,093	\$ 2,497	\$ 1,895	\$ 1,278	\$646
GRAND TOTAL INTEREST	\$ 76,941	\$ 67,377	\$ 58,058	\$ 48,271	\$38,439
TOTAL PRINCIPAL & INTEREST	\$ 369,908	\$ 347,802	\$ 349,086	\$ 344,916	\$345,717

City of Frontenac, KS
NOTES TO FINANCIAL STATEMENT - REGULATORY BASIS
December 31, 2019

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Current Maturities of LTD & Interest
for the Next Five Years && thru Maturity

	2025-28	2029-33	2033-37	2038	Total
PRINCIPAL:					
General Obligation (G.O.) Bonds					
G.O. Bonds Series 2013 <i>Water & Street Improvements</i>	\$0	\$0	\$0	\$0	\$ 565,000
G.O. Bonds Series 2010 <i>Street Improvements</i>	\$0	\$0	\$0	\$0	\$ 31,000
G.O. Bonds Series 2008 <i>Public Building Improvements</i>	\$ 530,000	\$0	\$0	\$0	\$ 1,075,000
G.O. Bonds Series 2005-B <i>FSCC Building & Land</i>	\$	\$0	\$0	\$0	\$ 195,000
TOTAL BONDS	\$ 530,000	\$0	\$0	\$0	\$ 1,866,000

Capital Leases

2017 Street Sweeper	\$0	\$0	\$0	\$0	\$130,213
2017 Chevy Silverside (Police)	\$0	\$0	\$0	\$0	\$2,130
TOTAL CAPITAL LEASES	\$0	\$0	\$0	\$0	\$ 132,343
0					
GRAND TOTAL PRINCIPAL	\$ 530,000	\$0	\$0	\$0	\$1,998,343

City of Frontenac, KS
NOTES TO FINANCIAL STATEMENT - REGULATORY BASIS
December 31, 2019

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Current Maturities of LTD & Interest
for the Next Five Years && thru Maturity

	2025-28	2029-33	2033-37	2038	Total
INTEREST:					
General Obligation (0.0%) Bonds					
G.O. Bonds Series 2013 <i>Water & Street Improvements</i>	\$0	\$0	\$0	\$0	\$35,300
G.O. Bonds Series 2010 <i>Street Improvements</i>	\$0	\$0	\$0	\$0	\$868
G.O. Bonds Series 2008 <i>Public Building Improvements</i>	\$ 59,413	\$0	\$0	\$0	\$264,913
G.O. Bonds Series 2005-B <i>FSCC Building & Land</i>	\$0	\$0	\$0	\$0	\$38,039
TOTAL BONDS	\$ 59,413	\$0	\$0	\$0	\$339,120
Capital Leases					
2012 Backhoe	\$0	\$0	\$0	\$0	\$0
2017 Chevy Silverado (Public Works)	\$0	\$0	\$0	\$0	\$0
2017 Street Sweeper	\$0	\$0	\$0	\$0	\$9,402
2017 Chevy Silverado (Police)	\$0	\$0	\$0	\$0	\$7
TOTAL CAPITAL LEASES	\$0	\$0	\$0	\$0	\$9,409
GRAND TOTAL INTEREST	\$ 59,413	\$0	\$0	\$0	\$348,529
TOTAL PRINCIPAL & INTEREST	\$ 589,413	\$0	\$0	\$0	\$ 2,346,872

**Jerry D. Mitchell, CPA, LLC
1080 N. Pebble Creek Road
Nixa, Missouri 65714**

City of Frontenac
Frontenac, Kansas

In planning and performing my audit of the financial statement of the City of Frontenac, Kansas, as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, I considered the City's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing our opinion on the financial statement but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

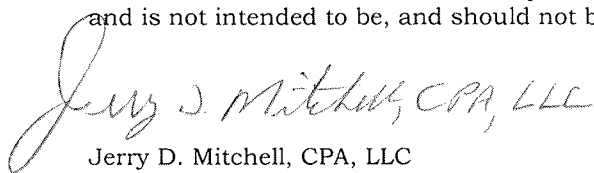
My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether of the City of Frontenac's financial statement was free from material misstatement, I performed tests of compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported.

This communication is intended solely for the information and use by the Mayor and City Council and is not intended to be, and should not be, used by anyone other than those specified parties.



Jerry D. Mitchell, CPA, LLC
Nixa, Missouri
September 4, 2020

City of Frontenac, Kansas

Summary of Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2019

Funds	Certified Budget	Expenditures in Current Year	Variance- Favorable (Unfavorable)
General Funds	\$ 3,109,242	\$ 2,378,709	\$ 730,533
Special Revenue Funds			
Special Highway	112,575	83,149	\$29,426
Special Parks & Recreation	-	-	-
Debt Service Funds			
Bond & Interest	341,217	321,217	\$ 20,000
Enterprise Funds			
Water	612,917	524,440	\$ 88,477
Sewer	427,922	424,324	\$ 3,598
Total	<u>\$ 4,603,873</u>	<u>\$ 3,731,839</u>	<u>\$ 872,034</u>

City of Frontenac, Kansas

GENERAL FUND

Summary of Cash Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual	2019 Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 1,013,130	\$ 837,318	\$ 1,026,255	\$ (13,125)
Motor Vehicle (& RV) Tax	148,244	143,049	136,645	11,599
Franchise Tax (inc Pilot)	475,817	501,508	415,000	60,817
Liquor Tax	0	6,588	6,000	(6,000)
Sales and Use Tax	1,102,406	1,107,173	920,000	182,406
Licenses and Permits	32,162	24,554	5,500	26,662
Fines, Forfeitures and Penalties	94,825	101,578	80,000	14,825
Miscellaneous	17,889	43,777	29,000	(11,111)
Investment Income	3,677	2,786	1,000	2,677
Pool Admission and Fees	13,704	10,996	8,815	4,889
Donations	2,558	57,209	-	2,558
Insurance and Other Reimbursements	46,431	58,127	100,625	(54,194)
Sugar Creek CDBG	-	-	9,375	(9,375)
Police Fees	942	-	2,000	(1,058)
Storm Water Fee	18,203	-	-	18,203
Total Cash Receipts	<u>\$ 2,969,988</u>	<u>\$ 2,913,413</u>	<u>\$ 2,740,215</u>	<u>\$ 229,773</u>
Expenditures:				
General Government	\$ 639,766	\$ 565,859	\$ 700,126	\$ 60,360
Police Department	746,614	765,153	845,400	98,786
Fire Department	208,405	203,814	265,075	56,670
Municipal Court	182,061	137,785	191,415	9,354
Civil Defense	991	3,220	15,000	14,009
Street Department	210,224	254,255	501,984	291,760
Cemetery	3,000	38,267	55,965	52,965
Street Lighting	46,912	62,351	63,500	16,588
Special Improvement Fund	-	-	-	-
Miscellaneous	-	18,750	10,000	10,000
Contingency Fund	26,803	-	-	(26,803)
Cultural Activities	15,814	17,616	25,200	9,386
Engineering	83,620	115,048	127,627	44,007
Economic Development	50,739	15,443	115,000	64,261
Parks & Recreation	96,375	64,697	134,450	38,075
Transfer to Other Funds	67,385	298,820	58,500	(8,885)
Total Expenditures	<u>\$ 2,378,709</u>	<u>\$ 2,561,078</u>	<u>\$ 3,109,242</u>	<u>\$ 730,533</u>
Receipts Over (Under) Expenditures	\$ 591,279	\$ 352,335	\$ (369,027)	\$ (500,760)
Unencumbered Cash, Beginning	\$ 1,401,453	1,067,239		
Unencumbered Cash, Ending	<u>\$ 1,992,732</u>	<u>\$ 1,419,574</u>		

City of Frontenac, Kansas

SPECIAL HIGHWAY FUND

Summary of Cash Receipts and Expenditures - Actual and Budget Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual	2019 Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue:				
State Allocations	\$ 93,441	\$ 93,666	\$ 92,560	\$ 881
County Allocations	12,322	2,981	11,650	672
Miscellaneous				-
Total Cash Receipts	<u>\$ 105,763</u>	<u>\$ 96,647</u>	<u>\$ 104,210</u>	<u>\$ 1,553</u>
Expenditures:				
Personal Service	\$ 24,485	\$ 30,354	\$ 49,126	\$ 24,641
Contractual Service	4,134	7,235	12,749	8,615
Commodities	899	1,783	3,200	2,301
Capital Outlay	53,631	58,463	47,500	(6,131)
Other Miscellaneous Expense	-	-	-	-
Total Expenditures	<u>\$ 83,149</u>	<u>\$ 97,835</u>	<u>\$ 112,575</u>	<u>\$ 29,426</u>
Receipts Over (Under) Expenditures	\$ 22,614	\$ (1,188)	<u>\$ (8,365)</u>	<u>\$ (27,873)</u>
Unencumbered Cash, Beginning	<u>105,798</u>	<u>106,986</u>		
Unencumbered Cash, Ending	<u><u>\$ 128,412</u></u>	<u><u>\$ 105,798</u></u>		

City of Frontenac, Kansas
SPECIAL PARKS AND RECREATION

Summary of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual	2019 Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue:				
Liquor tax	\$ 9,029	\$ 14,771	\$ 5,550	\$ 3,479
County Allocations	-	-	-	-
Charges for Services - Pool	-	-	-	-
Miscellaneous Revenue, Reimbursements	1,697	515	-	1,697
Transfers From Other Funds	-	-	-	-
Total Cash Receipts	<u>\$ 10,726</u>	<u>\$ 15,286</u>	<u>\$ 5,550</u>	<u>\$ 5,176</u>
Expenditures:				
Personal Service	\$ -	\$ 1,965	\$ -	\$ -
Commodities	-	-	-	-
Contractual Service	-	-	-	-
Capital Outlay	-	-	-	-
Miscellaneous	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ 1,965</u>	<u>\$ -</u>	<u>0</u>
Receipts Over (Under) Expenditures	\$ 10,726	\$ 13,321	<u>\$ 5,550</u>	<u>\$ 5,176</u>
Unencumbered Cash, Beginning	<u>7,416</u>	<u>(5,905)</u>		
Unencumbered Cash, Ending	<u>\$18,142</u>	<u>\$7,416</u>		

BOND & INTEREST FUND
Summary of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual	2019 Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 92,593	\$ 189,745	\$ 91,657	\$ 936
Motor Vehicle (& RV) Tax	33,304	31,239	30,945	2,359
Special Assessments	0	110	-	-
Transfer From Water Fund	60,000	-	-	60,000
Lease Rental Income and Misc	129,300	75,600	135,600	(6,300)
Total Cash Receipts	<u>\$ 315,197</u>	<u>\$ 296,694</u>	<u>\$ 258,202</u>	<u>\$ 56,995</u>
Expenditures:				
Debt Service	<u>\$ 321,217</u>	<u>\$ 329,005</u>	<u>\$ 341,217</u>	<u>\$ 20,000</u>
Total Expenditures	<u>\$ 321,217</u>	<u>\$ 329,005</u>	<u>\$ 341,217</u>	<u>\$ 20,000</u>
Receipts Over (Under) Expenditures	\$ (6,020)	\$ (32,311)	<u>\$ (83,015)</u>	<u>\$ 76,995</u>
Unencumbered Cash, Beginning	<u>7,116</u>	<u>39,427</u>		
Unencumbered Cash, Ending	<u>\$ 1,096</u>	<u>\$ 7,116</u>		

City of Frontenac, Kansas

EQUIPMENT RESERVE FUND Summary of Cash Receipts and Expenditures - Actual Regulatory Basis For the Year Ended December 31, 2019 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual
Cash Receipts:		
Taxes and Shared Revenue:		
Investment Income	\$ -	\$ -
Transfer From Other Funds	30,351	30,350
Total Cash Receipts	<u>\$ 30,351</u>	<u>\$ 30,350</u>
Expenditures:		
Capital expenditures	39,811	-
Total Expenditures	<u>39,811</u>	<u>-</u>
Receipts Over (Under) Expenditures	<u>(9,460)</u>	<u>30,350</u>
Unencumbered Cash, Beginning	<u>221,690</u>	<u>191,340</u>
Unencumbered Cash, Ending	<u><u>\$ 212,230</u></u>	<u><u>\$ 221,690</u></u>

City of Frontenac, Kansas

WATER FUND Summary of Cash Receipts and Expenditures - Actual and Budget Regulatory Basis For the Year Ended December 31, 2019 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual	2019 Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Utility Charges	\$ 626,997	\$ 622,027	\$ 620,256	\$ 6,741
Maintenance Fee	5,054	3,642	-	5,054
Connects and Disconnects	-	-	-	-
Miscellaneous Revenue	13,781	14,719	5,000	8,781
Penalties	19,418	20,929	14,500	4,918
Water Protection Fee	8,254	-	2,200	6,054
Total Cash Receipts	<u>\$ 673,504</u>	<u>\$ 661,317</u>	<u>\$ 641,956</u>	<u>\$ 31,548</u>
Expenditures:				
Personal Services	\$ 202,911	\$ 146,882	\$ 162,512	\$ (40,399)
Contractual Services	149,289	125,315	110,199	(39,090)
Commodities	56,124	73,317	120,500	64,376
Miscellaneous/Water Protection/Clean Water Fee	6,206	4,189	10,500	4,294
Capital Outlay	49,910	29,409	134,206	84,296
Debt Service and KDHE Reimbursement	-	-	0	-
Transfer to Other Funds	60,000	60,000	75,000	15,000
Total Expenditures	<u>\$ 524,440</u>	<u>\$ 439,112</u>	<u>\$ 612,917</u>	<u>\$ 88,477</u>
Receipts Over (Under) Expenditures	\$ 149,064	\$ 222,205	<u>\$ 29,039</u>	<u>\$ 120,025</u>
Unencumbered Cash, Beginning, Restated	<u>873,408</u>	<u>648,369</u>		
Unencumbered Cash, Ending	<u><u>\$1,022,472</u></u>	<u><u>\$870,574</u></u>		

City of Frontenac, Kansas

SEWER FUND

Summary of Cash Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual	2019 Budget	Variance- Favorable (Unfavorable)
Cash Receipts:				
Utility Charges	\$ 522,344	\$ 496,772	\$ 463,861	\$ 58,483
Miscellaneous Revenue	205	0	-	205
Proceeds from KDHE Loan	0	154,815	-	-
Transfer From Other Funds	-	-	-	-
Total Cash Receipts	<u>\$ 522,549</u>	<u>\$ 651,587</u>	<u>\$ 463,861</u>	<u>\$ 58,688</u>
Expenditures:				
Personal Services	\$ 191,625	\$ 196,852	\$ 147,272	\$ 44,353
Contractual Services	108,732	63,790	89,600	19,132
Commodities	33,521	14,527	52,750	(19,229)
Capital Outlay	10,743	116,862	63,952	(53,209)
Debt Service	79,703	74,349	74,348	5,355
Miscellaneous	-	-	-	-
Transfer to Other Fund	-	-	-	-
Total Expenditures	<u>\$ 424,324</u>	<u>\$ 466,380</u>	<u>\$ 427,922</u>	<u>\$ (3,598)</u>
Receipts Over (Under) Expenditures	\$ 98,225	\$ 185,207	<u>\$ 35,939</u>	<u>\$ 55,090</u>
Unencumbered Cash, Beginning, Restated	<u>516,244</u>	<u>483,397</u>		
Unencumbered Cash, Ending	<u><u>\$614,469</u></u>	<u><u>\$668,604</u></u>		

City of Frontenac, Kansas

CAPITAL IMPROVEMENTS FUND

Summary of Cash Receipts and Expenditures - Actual Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019 Actual</u>	<u>2018 Actual</u>
Cash Receipts:		
Transfer from General Fund	\$ 37,034	\$ 58,493
Reimbursement From State	53,404	-
Reimbursement from Recreation Board	\$ 40,693	-
Total Cash Receipts	<u>\$ 131,131</u>	<u>\$ 58,493</u>
Expenditures:		
Personal Service	\$ -	\$ -
Contractual Service	-	-
Commodities	-	-
Return of Loan Proceeds	-	-
Capital	92,296	36,215
Total Expenditures	<u>\$ 92,296</u>	<u>\$ 36,215</u>
Receipts Over (Under) Expenditures	\$ 38,835	\$ 22,278
Unencumbered Cash, Beginning	\$ 22,258	\$ -
Unencumbered Cash, Ending	<u><u>\$ 61,093</u></u>	<u><u>\$ 22,258</u></u>

City of Frontenac, Kansas

METER DEPOSIT FUND Summary of Cash Receipts and Cash Disbursements Regulatory Basis For the Year Ended December 31, 2019

	Beginning Cash Balance, Restated 12/31/18	Cash Receipts	Cash Disbursements	Ending Cash Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Meter Deposits, restated	\$ 29,834	\$ 13,357	\$ 13,933	\$ 29,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>